

DEF 12-5 PAK

TELEGRAM



PAGE 01 RAWALR: 07805 051203Z

INFO: OCT-01 1046 W

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P 051102Z OCT 70
FM AMEMBASSY RAWALPINDI
TO SECSTATE WASHDC PRIORITY 5335

~~SECRET~~ RAWALPINDI 7805

EXDIS:

SUB: ARMS FOR PAKISTAN

REF: RAWALPINDI 7789

1. DURING MY MEETING WITH HIM OCTOBER 5 ON HIS PLANS TO ATTEND UN COMMEMORATIVE SESSION (SEPTEL), PRESIDENT YAHYA KHAN SAID HE HAD BEEN BRIEFED ON MY DISCUSSIONS ON ARMS ISSUE WITH GOP REPS IN LAST SEVERAL DAYS. HE SAID PARTICULARLY HE HAD BEEN GIVEN REPORT BY FONSEC OF MY DISCUSSION WITH LATTER OCTOBER 4 (REFTEL). YAHYA SAID HE WAS PLEASED THAT OUR MILITARY REPS COULD NOW GET DOWN TO SPECIFIC DISCUSSIONS.

2. HE THEN IMMEDIATELY RECALLED CONCERN HE HAD EXPRESSED TO AMBASSADOR FARLAND LAST JUNE AND AGAIN IN SEPTEMBER OVER PROBLEM PAKISTAN FACES IN PAYING FOR ANY ITEMS IT WISHES PURCHASE. HE SAID AGAIN THAT USG KNOWS BETTER THAN HE HOW DIFFICULT PAKISTAN'S FINANCIAL SITUATION IS. YAHYA SAID HE HOPED MOST SINCERELY THAT USG WOULD FIND WAYS TO MAKE PROPOSED SALES FEASIBLE EVEN WITHIN CASH-PAYMENT FRAMEWORK. HE AGREED THAT FINANCING PROBLEM WOULD BE LARGELY AFFECTED BY PAKISTAN'S CHOICE OF ALTERNATIVES, E.G., FOR USED AS AGAINST NEW EQUIPMENT. HE REMARKED THAT US HAD LARGE "SURPLUS" STOCKS AND THAT WE SHOULD BE ABLE PROVIDE SUBSTANTIAL CONCESSIONS ON PRICES THEREFOR. HE EXPRESSED HOPE THAT OUR NEGOTIATORS WILL ALSO BE GIVEN AUTHORITY TO COME UP WITH CONCESSIONS ON TIMING OF PAYMENTS.

3. YAHYA SAID HE AND HIS GOVERNMENT WOULD FACE VERY DIFFICULT SITUATION IF IT TURNS OUT THAT PAKISTAN IS UNABLE TO PAY FOR US EQUIPMENT WHICH IT REQUIRES AND DESIRES AND WHICH USG HAS OF-

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~~SECRET~~

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